

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER -I - EXAMINATION- SUMMER-2023

Subject Code: 4519201

Date: 11/07/2023

Subject Name: Management Accounting

Time: 02:30 PM TO 05:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make Suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** Define the terms **14**
- (a) Solvent
 - (b) Creditor
 - (c) Trade Discount
 - (d) Stock
 - (e) Apprentice Premium
 - (f) Bills Receivable
 - (g) Liabilities
- Q.2 (a)** Identify the Accounting Concepts: (Write only the name of the concept) **07**
1. The production manager is interested in recording good industrial relations with clients in the books of accounts.
 2. It is believed that the business of the company will last for coming 20 years only.
 3. The goods were sent on approval basis the business has not recorded the same as sales.
 4. The house rent paid by the entrepreneur is not shown as a business expense.
 5. The outstanding salary of Rs.5,000 is shown in the books of the accounts.
 6. The market value of the building is Rs.1,00,00,000 but it is shown in the books of accounts at the purchase price of Rs.10,00,000.
 7. The company purchased pencils of Rs.500, these had all been issued from stock and were still in use at the end of the year.
- (b)** Journalize the following transaction in the books of M/s. Success Ltd to provide consultancy services. **07**
1. Seema invested cash in M/s. Success Ltd, Rs.20,000.
 2. Billed customers for services provided Rs.5,600.
 3. Paid Assistant's Salary Rs.600.
 4. Bought computer on credit, Rs.4,400.
 5. Received cash in full settlement from customers billed, earlier Rs.1,350 against Rs.1,400.
 6. Received fee for professional services, Rs.8,250.
 7. Paid dividends, Rs.1,100.

OR

- (b) State the difference between the Financial Accounting Vs. Management Accounting. **07**

- Q.3** (a) Prepare a Cost-Sheet for the year ended 31.12.2018 for M/s. Suman Enterprise Ltd. **07**

Particulars	Rs.
Stock of finished goods (01.01.2018)	6,000
Stock of raw-materials (01.01.2018)	40,000
Work-in-Progress (01.01.2018)	15,000
Purchase of raw materials	4,75,000
Carriage Inwards	12,500
Factory rent and taxes	7,250
Other production expenses	43,000
Stock of Goods (31.12.2018)	15,000
Wages	1,75,000
Work Manager's Salary	30,000
Factory Employees' Salary	60,000
Power Expenses	9,500
General Expenses	32,500
Sales for the year	8,60,000
Stock of raw materials (31.12.2018)	50,000
Work-in-Progress (31.12.2018)	10,000

- (b) Write short-note on Indian Financial Reporting Standard (IFRS). **07**

OR

- Q.3** (a) Explain the nature of Product Cost and Period Cost. How does it affect the net income of a business enterprise? **07**

- (b) Sarthak Enterprise purchased a machinery for Rs.2,00,000 on 1st April, 2016. The machinery is depreciated @ 10% per annum on the cost. On 1st October, 2018, the machinery was sold for Rs.1,20,000. Draw the Machinery Account and Provision for Depreciation Account for the year ending on 31st March, 2017, 2018 and 2019. **07**

- Q.4** (a) Write and short-note on Break-Even Analysis. Support your answer with appropriate numbers. **07**

- (b) The accounts of a Company M/s. Shakti Ltd are expected to reveal a profit of Rs.14,00,000 after charging fixed costs Rs.10,00,000 for the year ended 31st March, 2018. The selling price of the product is Rs.50 per unit and variable cost per unit is Rs.20. **07**

Market investigations suggest the following responses to the price changes:

Alternatives	Selling Price Reduced By	Quantity Sold Increased By
I	5%	10%
II	7%	20%
III	10%	25%

Evaluate these alternatives and state which of the alternatives, on profitability consideration should be adopted for the forthcoming years.

Suppose the available raw-material is only 80,000kgs (1kgs of raw-material is needed for making 1unit) then out of the three alternatives which alternative should be selected? Compute the profit in the selected alternative.

OR

- Q.4** (a) Discuss Process Costing, its applications and features. **07**
 (b) The Fair Deal Granary was not maintaining a perpetual inventory system for its stocks unit recently. Only physical inventory was taken at the end of each month. The physical inventory at the end of December 2007 showed 200 kgs of fine rice at Rs.212.25 per bag. The following purchases were made in January, 2008:

3 rd January	400 bags at Rs.218.00 per bag
10 th January	900 bags at Rs.223.50 per bag
15 th January	400 bags at Rs.220.00 per bag
28 th January	700 bags at Rs.213.00 per bag
30 th January	300 bags at Rs.224.00 per bag

On 31st January, 2008 the physical stock was 1,200 bags. You are required to calculate the value of the closing stock on 31st January, 2008 according to Last-In-First-Out (LIFO) and Weighted Average Cost Method (WAM). Valuation of closing stock is highest under which method.

- Q.5** The following Balance-Sheets are give of M/s. Supreme Ltd.

Liabilities	2011 (Rs.)	2012 (Rs.)	Assets	2011 (Rs.)	2012 (Rs.)
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Preference Share Capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant and Machinery	80,000	2,00,000
Profit and Loss Account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
Total	6,77,000	8,17,000	Total	6,77,000	8,17,000

It is also given that:

1. Depreciation of Rs.20,000 on land and building and Rs.10,000 on plant and machinery had been charged in 2012.
2. Interim dividend of Rs.20,000 had been paid in 2012.
3. Income tax Rs.35,000 had been paid during 2012.

- (a) Prepare Cash Flow from Operating Activities. **07**
 (b) Prepare Cash Flow from Investing and Financing Activities and find the closing cash and bank balance. **07**

OR

Q.5 (a) From the following balances of Prapti Ltd. Prepare the Vertical Balance-Sheet. **07**

Also prepare the necessary schedule:

Particulars	(Rs.)	Particulars	(Rs.)
Equity Share Capital	13,00,000	Advances to Employees	75,000
General Reserve	15,000	Discount on Issue of Debentures	6,250
12% Debentures	2,00,000	Tools and Equipments	1,87,500
Land and Building	7,77,485	Gratuity Fund	1,50,000
Goodwill	5,00,000	Debtors	69,260
Bank Overdraft	1,22,550	Cash at Bank	78,580
Proposed Dividend	41,000	Stores and Spares	88,900
Prepaid Insurance	12,500	Profit and Loss A/c (Cr.)	10,745
Mutual Fund Investments	34,000	Bills Receivables	22,300
Pre-Paid Salary	50,000	Sundry Creditors	45,000
Interest Payable	16,200	Bills Payables	1,280

(b) The following are the ratios relating to the activities of Samarth Traders Ltd. **07**

Debtors Velocity	3 Months
Stock Velocity	8 Months
Creditors Velocity	2 Months
Gross Profit Ratio	25%
Net Profit Ratio	15%
Number of Shares	1,00,000
Price/Earning Ratio (P/E)	6times

Gross Profit for the current year ended 31st December amounted to Rs.4,00,00. Closing stock of the year is Rs.10,000 above the opening stock. Bills Receivables amount to Rs.25,000 and Bills Payables amount to Rs.10,000. Find out the following. Assume all sales to be credit sales.

- Sales
- Sundry Debtors
- Closing Stock
- Sundry Creditors
- Net Profit
- Earnings Per Share
- Market Price Per Share
